



# UBE Group Sustainable Procurement Guidebook

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Purchasing & Logistics Dept.  
UBE Corporation

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# 1 . Introduction

## To Our Business Partners

The UBE Group strives to establish mutually beneficial, fair and equitable trade relations with our business partners. We are also committed to promoting sustainability throughout our supply chain as part of our responsible corporate activities toward the realization of a sustainable society.

‘The UBE Group Basic Policy for Sustainable Procurement’ define the following as important elements

- fair and equitable transactions,
- objective assessment in the selection of business partners,
- legal compliance and confidentiality,
- green procurement,
- sustainable procurement.

We have also established the “UBE Group Sustainable Procurement Management Standards” and the “UBE Group Procurement Staff Code of Conduct” to clarify our environmental, social and governance (ESG) considerations in procurement activities.

We have established the “UBE Group Sustainable Procurement Guidelines” and the “Policy on Conflict Minerals,” and regularly check the status of our business partners' efforts.

We would appreciate your understanding and support of the purpose of these guidelines and your continued cooperation in promoting sustainable procurement.

The UBE Group will continue to contribute to building a sustainable society through highly transparent procurement activities.

## 2. UBE Group’s Philosophy and Policy

### ( 1 ) Overall Philosophy and Policy

#### Founding Principles

"Coexistence and mutual prosperity"

"From finite mining to infinite industry"

#### Purpose

**“Breaking Through with the Chemistry of Hope.”**

#### UBE Corporate Philosophy

“Pursue technology and embrace innovation to create value for the future and contribute to social progress. “

#### UBE Management Principles

##### 1.Ethics

-Be highly ethical, comply with laws and regulations, and respect social norms

##### 2.Safety and Security

-Work to conserve the global environment and practice safe, secure manufacturing

##### 3.Quality

-Deliver quality that earns the trust of customers and society

##### 4.People

-Respect individuality and diversity, and build healthy and comfortable workplaces

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#### **UBE Group Code of Conduct**

This Code of Conduct is based on the UBE Group's philosophical framework—which comprises its Founding Principles, Purpose, Corporate Philosophy, and Management Principles—and will serve as a foundation for decision making and a standard for action for all individuals engaged in the Group's operations.

The Code of Conduct consists of five chapters. Four are structured around the UBE Group's Management Principles, which emphasize the Group's core values of ethics, safety and security, quality, and people; the fifth addresses responsible and sustainable procurement practices in supply chain management. In principle, we expect our supply chain companies to also meet the standards of this Code of Conduct, including measures to promote diversity, equality, and inclusiveness among employees.

## ( 2 ) UBE Group Basic Policy for Sustainable Procurement

Based on its purpose and management philosophy, the UBE Group will focus on legal compliance, fair and equitable transactions, and objective evaluation in the selection of business partners. We will realize sustainable procurement throughout the supply chain by engaging our business partners in sustainability initiatives.

### **Scope**

This policy applies to the UBE Group (UBE Corporation and its consolidated subsidiaries) as well as group companies and their tier 1 suppliers outside the consolidation, where UBE Corporation is deeply involved in the purchase of raw materials and equipment. In cases where suppliers procure raw materials from regions with risks of conflict minerals or human rights violations, secondary suppliers will also be covered.

### **Goal**

In our procurement activities throughout the supply chain, we will realize social values such as health, safety, freedom, equality, ethics, fairness, and equity for people affected in the value chain, including employees and local communities. To achieve this, we will implement the following measures:

1. Fair and Equitable Transactions  
We conduct transactions based on fair, equitable, and free competition that do not involve personal interests or arbitrariness, and always strive to create business opportunities with new suppliers. In addition, we build an equal and fair cooperative relationship with our suppliers and strive to improve mutual understanding and trust from a long-term perspective.
2. Objective Evaluation in Supplier Selection  
We comprehensively consider quality, price, delivery time, etc. when selecting suppliers, and make decisions based on economic rationality.
3. Compliance with Laws and Regulations and Confidentiality  
We comply with all relevant laws, regulations, and social norms in our purchasing activities, and maintain the confidentiality obtained in the course of transactions.
4. Green Procurement  
We conduct green procurement activities in the selection of purchased products, taking environmental protection into consideration.
5. Sustainable Procurement  
We promote sustainable procurement throughout the supply chain in order to enhance social credibility. We strive to prioritize procurement from suppliers who meet the following requirements.
  - Establish an internal system to promote sustainability
  - Emphasis on ensuring stable supply and quality
  - Comply with corporate ethics, laws, regulations, and social norms, and engage in fair transactions.

- Emphasis on environmental friendliness
- Respect for human rights and safety and health management
- Emphasis on social contribution and communication with society, and information management and disclosure

### **Commitment**

- We request our suppliers to comply with the UBE Group Sustainable Procurement Guidelines and monitor the status of their sustainability initiatives.
- We identify high risks such as human rights, the environment, and minerals in the supply chain, and conduct procurement with consideration for risk countermeasures and sustainability.
- By 2030, we will achieve the following targets.
  - 100% procurement from suppliers that meet our minimum certification (supplier registration) requirements
  - 100% procurement from suppliers who have endorsed the UBE Group Sustainable Procurement Guidelines
  - 100% procurement from suppliers that have been confirmed to have no human rights risks
  - 100% procurement from suppliers that have been confirmed to be free of conflict minerals risk
  - SAQ implementation rate (ratio of procurement amount) based on sustainability surveys: 95% or more

### **Responsible Departments and Review**

The Purchasing & Logistics Department is responsible for overseeing and managing this policy.

This Policy is subject to regular review at least once every two years. Any revisions, whether part of a scheduled review or required during the fiscal year, will be deliberated and approved by the Supply Chain Management Committee.

## ( 3 ) UBE Group Sustainable Procurement Guidelines

The UBE Group engages in a variety of sustainability initiatives in order to earn the confidence of diverse stakeholders, including shareholders, customers, business partners, employees, and communities. To enhance the social credibility of the Group, we practice sustainable procurement throughout the entire supply chain, which includes all of our business partners.

The UBE Group Sustainable Procurement Guidelines are as follows.

### **1. Internal structure for practicing sustainability**

- (1) Maintain corporate philosophy, basic management policy, and action guidelines, etc., for practicing sustainability within the organization.
- (2) Establish an organizational framework for practicing sustainability within the organization.
- (3) Produce and publish a report related to sustainability and the environment.

### **2. Ensuring stable supply and quality**

- (1) To prepare for such contingencies as disasters and accidents, establish and maintain a risk management framework on a regular basis and inform all employees about it.
- (2) Establish a business continuity plan (BCP) that stipulates in advance the plan for securing business continuity in an emergency situation due to a disaster like an earthquake or influenza outbreak, and inform all employees about it.
- (3) Conduct assessments and tests to ensure product safety, and enable traceability. Also, put in place a certified quality management system such as ISO 9000.

### **3. Corporate ethics, compliance with the law and social norms, and fair transactions**

- (1) Comply with the various laws, regulations, government directives, and rules applicable to business operations (Japan's Companies Act, Antitrust Act, and Subcontractors Act, and similar laws in other countries, labor-related laws and regulations, environment-related laws and regulations, etc.).
- (2) Develop an internal whistleblowing system for reporting illegal activities.
- (3) Prohibit the offering and acceptance of inappropriate benefits.
- (4) Prohibit transactions with organized crime and other antisocial forces (individuals or groups).
- (5) Practice fair transactions with business partners.

### **4. Consideration for the environment**

- (1) Obtain external certifications for environmental management systems (systems for the overall management of environmental initiatives\* encompassing an organizational framework, systematic initiatives, and assignment of responsibilities), such as ISO 14001 certification. Establish, operate, and continuously improve environmental management systems.  
\*Environmental initiatives include establishing environmental policies, implementing measures according to those policies, and executing plan-do-check-action (PDCA) cycles for environmental conservation initiatives.
- (2) Suitably manage and dispose of industrial waste according to the laws and regulations of the country in which the business operates. Practice the three Rs (reduce, reuse, and recycle) in all

business activities. Additionally, establish voluntary targets for reducing landfill waste, such as by practicing resource recycling, and continually reduce landfill waste.

- (3) Establish voluntary targets for resource conservation and energy reduction, and continually ensure that resources and energy are effectively used.
- (4) Establish voluntary targets for reducing greenhouse gas (GHG) emissions, including carbon dioxide, methane, and nitrous oxide, and continuously reduce GHG emissions.
- (5) Continuously reduce water consumption through the optimal and effective use of water resources. Additionally, strive for water circulation that suitably preserves the function of water in human activities and for conservation of the environment.
- (6) Strive to exist in harmony with nature through consideration for biodiversity.
- (7) Secure compliance with laws and regulations relating to environmental conservation such as those concerning air emissions, water quality, and chemical substance emissions in the country in which the business operates and, if necessary, set voluntary standards to further raise compliance.

## **5. Respect for human rights, safety, and health**

- (1) Prohibit all behavior that is inhumane. Prohibit all behavior that is inhumane including any form of abuse, corporal punishment or harassment. Practice respect for human rights.
- (2) Prohibit child labor. Prohibit the employment of children who are below the minimum working age and ensure that legally employed young people are not assigned work that would hinder their development.
- (3) Prohibit forced labor. Ensure that all employees are employed of their own free will and are never subjected to forced labor.
- (4) Prohibit overwork. Suitably manage employees' working hours, holidays, and vacations to ensure that they do not work more hours than legally permitted.
- (5) Pay suitable wages. Ensure that employees are paid at least the legally mandated minimum wage and prohibit the unjust reduction of wages.
- (6) Prohibit all forms of discrimination. Eliminate any discrimination in the recruitment and employment of human resources, and treat human resources fairly such as by providing equal opportunities.
- (7) Respect the fundamental rights of workers. Respect fundamental labor rights, including freedom of association and the right to collective bargaining, and build good relations with employees through close dialogue.
- (8) Suitably manage occupational safety. Ensure a safe work environment by identifying and managing the risk of accidents and human exposure to harmful chemical substances, noise, odors, etc., in the workplace.
- (9) Suitably manage the physical and mental wellbeing of employees. Secure compliance with relevant laws and regulations in the country in which the business operates and obtain health management certifications as recommended at the national and state/provincial levels.

## **6. Social contribution, communication with society, and information management and disclosure**

- (1) Actively engage in social contribution activities.
- (2) Accurately report information needed by shareholders, such as financial information, outside the company.
- (3) Disclose in a timely and appropriate manner information related to quality and product safety.



- (4) Develop internal rules regarding the prevention of leaks of confidential information, and implement relevant system measures. Also, establish regulations regarding the protection of confidential information obtained through business transactions as well as personal and customer information, and manage it appropriately.
- (5) Implement measures to protect against such threats to computers and networks as computer viruses.

## ( 4 ) Policy on Conflict Minerals

The UBE Group practices the responsible procurement of raw materials in order to meet its social responsibilities as a corporation. We strive to trace the origins of six types of minerals, consisting of four identified as being of special concern (tin, tantalum, tungsten and gold) as well as cobalt and mica, which have recently been subject to rising social demand for traceability. We thus determine the presence of such minerals in purchased raw materials and verify details regarding procurement sources when the incorporation of any of these raw minerals is considered unavoidable in light of their characteristics.

If inspections show that conflict minerals (minerals that are mined and sold under the control of armed groups in the Democratic Republic of the Congo and surrounding regions) are used in purchased raw materials, the Group will immediately stop procurement of said raw materials or pressure business partners to change their procurement sources.

## ( 5 ) UBE Group Sustainable Procurement Management Standards

In order to enhance our corporate value and realize maximum satisfaction among our employees and partners, we at the UBE Group have established procurement management standards. These standards take the contents of the UBE Group Basic Policy for Sustainable Procurement and the UBE Group Sustainable Procurement Guidelines into account and encapsulate the shared values toward procurement among the UBE Group. There are various rules, practices, and measures related to procurement at each UBE Group company, but these standards are applicable to UBE Group corporations around the world and were made with a universal mindset toward procurement management in the UBE Group.

### **Commitment**

1. In the course of procurement activities, the Company will strive to respect domestic and international laws, regulations, and social norms while asking the same of its partners
2. Selections of and negotiations with suppliers that become partners will be undertaken fairly and equitably
3. Information gained when selecting partners or in the course of business transactions will be appropriately managed in accordance with such rules as the UBE Group Basic Policy for Information Management
4. Intellectual property will be considered an important management resource and rights held by the UBE Group will be protected while respecting the intellectual property of partners
5. Staff involved in procurement will be provided with opportunities to receive appropriate education
6. Staff involved in procurement will respect the UBE Group Code of Conduct and the UBE Group Procurement Staff Code of Conduct while conducting fair, equitable, and honest procurement activities

### **Conducting Procurement Due Diligence**

- When registering new partners, verification will be conducted of procured goods and partner management systems with appropriate decisions made based on the rules and regulations of each UBE Group company
- Based on the methods established by each UBE Group company, regular inspections will be conducted to ensure the absence of human rights violations at partner companies and in the procurement of conflict minerals as well as to ensure the progress of sustainability measures

### **Improvement/Remedy Measures**

- The results of regular inspections of business partners will be reviewed with said partners while overall results are published on such locations as homepages, thus providing partners with opportunities to gain fresh insights on their initiatives

- For partners determined to be still in the process of enacting sustainability initiatives, Company departments in charge of sustainability will provide a forum that provides opportunities to exchange and discuss individual opinions and enact improvements

## ( 6 ) UBE Group Procurement Staff Code of Conduct

To ensure the actions of staff charged with undertaking procurement are in line with corporate ethics or social norms, we promote fair and equitable procurement under the following Code of Conduct.

- ① Staff involved in procurement activities will respect all laws and regulations related to procurement. If any employee learns of a case in violation of such laws and regulations, they will swiftly report it to their superiors and it will be handled appropriately.
  - ② Staff involved in procurement activities will not accept such gifts from business partners as mid-year or year-end gifts. They will also refuse such courtesies as congratulatory or condolence payments.
  - ③ Staff involved in procurement activities will not acquire unlisted shares from business partners and will not acquire stocks after obtaining insider information.
  - ④ Staff involved in procurement activities will not accept special discounts or services on partner products for the purpose of personal use.
  - ⑤ Staff involved in procurement activities will not make requests for benefits or favors for themselves from business partners and will not maintain any position that constitutes a conflict of interest.
  - ⑥ Staff involved in procurement activities will not accept improper entertainment from business partners. They will also not provide business partners with such entertainment.
- \* Staff involved in procurement activities include all staff related to procurement, materials, purchasing, quality management, production technology, other development, or transactions with business partners.

### 3. Reporting Hotlines for Suppliers

The UBE Group is committed to ensuring compliance in the execution of its corporate activities and business, in accordance with laws and regulations in and outside of Japan, internal regulations, and social norms and rules.

If you recognize any compliance violation, including potential or alleged cases of such violations, in connection with the UBE Group's business activities, please inform this to us using the following form.

[Reporting Hotlines for Suppliers.](#)

This is a dedicated form for reports submitted by external individuals, such as suppliers. For inquiries regarding businesses undertaken or products marketed by the UBE Group, please click on “[Contact Us](#)” and use inquiry forms designated by topic.